



# Rockville Housing Enterprises' Proposal to Purchase Fireside Park Apartments

## October 8, 2012 – Public Hearing



# RHE's Proposal for Fireside

- Preserve rental housing that is affordable to a range of household incomes
  - 142 units at market-rate – no income restrictions
  - 94 units at rent levels affordable to households at or below 60% Area Median Income (\$64,500 for a family of 4)
- \$765,000 in rehabilitation completed upon purchase
- Maintain third-party property management
- No displacement of current residents



# Updates Since September 24, 2012

- Montgomery County Loan Review Committee recommended \$2.85 million loan approval
  - Loan terms the same as those proposed for Rockville
  - Unit split:
    - 142 units at market-rate – no income restrictions
    - 84 units at or below 60% Area Median Income
    - 10 units at or below 50% Area Median Income
- Rockville's Finance Dept. provided additional information on the City's financing options



# RHE's Request

- Total \$2 million in financial assistance
  - \$500,000 from Housing Opportunities Fund
  - \$1.5 million from current City budget
    - = \$1.8 million loan + \$200,000 grant
  - Loan Terms
    - Fully repaid in 7 years
    - 3% interest – estimated \$420,000 in interest over 7-year term
    - Annually pay 15% of net operating income towards principal loan amount
    - Estimated outstanding loan principle at end of 7 years = \$1,423,840
- Forgiveness of PILOT payment
  - “Payment in Lieu of Taxes” estimated at \$60,641/yr



# How Will Fireside Change?

- Household income levels will be about the same
- Monthly rents will be very similar to current rents

Bedroom Size	Current Rent Ranges	After Purchase	
		Maximum Rent for 40% of units	Estimated rent for 60% of Units
1-bedroom	\$969 - \$1,328	\$1,065	\$1,080
2-bedroom	\$1,091 - \$1,410	\$1,271	\$1,380
3-bedroom	\$1,298 - \$1,730	\$1,387	\$1,730

- Commitment to continued maintenance & rehab
  - \$94,000+ /year to maintenance
  - \$118,000+ /year to capital reserve
- RHE plans substantial renovation upon refinance



# Background on Rockville Housing Enterprises

- Established in 1957 by Mayor and Council to acquire, build and administer affordable and mixed income housing
- 5 members of Board of Commissioners appointed by Mayor and Council
- RHE experience:
  - Legacy at Lincoln Park – 60 homeownership units
  - Own and operate 58 scattered site MPDU rental units
  - Own and operate 105 Public Housing units
  - Administer 414 Housing Choice Vouchers